

**STATEMENT OF DRUE PEARCE**  
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**DEPARTMENT of the INTERIOR**  
**before the**  
**SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES**  
**on the**  
**ALASKA NATURAL GAS PIPELINE**

**October 2, 2001**

Good morning Mr. Chairman. Thank you for inviting the Department of the Interior to testify here today regarding an Alaskan natural gas pipeline. I am not here today to testify as a proponent for any particular pipeline proposal or route. Rather, I offer the Department's experience and expertise of over 30 years of pipeline oversight in the state of Alaska.

The Department of the Interior is committed to the full development of the National Petroleum Reserve-Alaska, studying and opening the Arctic National Wildlife Refuge, and improving the energy infrastructure, of which the gas pipeline is a critical part.

For more than 30 years, the State of Alaska, the Federal government, and industry have studied and pursued development of an Alaskan natural gas pipeline. We began the first pipeline studies in 1969, but today, the gas pipeline remains a pressing need for the Nation's energy infrastructure. In May of this year, the pipeline was singled out as a priority in the President's *National Energy Policy*. In chapter 7, page 18 of the report, the President directed:

the Secretaries of Energy and State, coordinating with the Secretary of the Interior and the Federal Energy Regulatory Commission, to work closely with Canada, the State of Alaska, and all other interested parties to expedite the construction of a pipeline to deliver natural gas to the lower 48 states.

The development of a natural gas pipeline ought be a part of a broad approach to energy development in Alaska for America. I recommend that we avoid a singular solution to the gas pipeline question that limits other North Slope energy development potential. We must modernize our infrastructure and increase energy supplies in the State for the Nation. The development potential of the entire North Slope is critical to meeting that challenge.

The Department of the Interior looks forward to being an active participant in the development of an Alaskan gas pipeline system, as we have a long, effective history in Alaska.

The Bureau of Land Management currently administers three federal rights-of-way in Alaska: (1) the Trans-Alaska Pipeline System, (2) the Alaska Natural Gas Transportation System (or ANGTS), and (3) the Trans-Alaska Gas System. If the BLM receives an application from producers for an "over the top" offshore route, that right-of-way application will be adjudicated by the Minerals Management Service, also an Interior agency.

The Mineral Leasing Act placed with the Department of the Interior the authority and responsibility for granting pipeline rights-of-way through any Federal lands. This responsibility includes assessment of the technical and financial capability of a pipeline operator to construct, operate, maintain, and terminate a pipeline project. Through the execution of these duties, the Department has been involved in technical design, construction, operations, and maintenance oversight on the Trans-Alaska Pipeline System throughout its history.

The Department of the Interior has through its several bureaus the oversight responsibilities for thousands of miles of offshore oil and gas pipelines in the Gulf of Mexico and the Pacific Ocean. In exercising its responsibilities, the Department has a number of pipeline employees who can assist in the

Alaskan Natural Gas Pipeline project. In addition, we have numerous environmental and biological scientists with years of experience in Alaska who can assist in the review of the various proposals and permits required.

The BLM has also been the lead Federal agency in the Joint Pipeline Office since its inception in 1990. The Joint Pipeline Office was established to coordinate government oversight of the Trans-Alaska Pipeline System. The office is currently comprised of six Federal and seven state agencies (Interior is represented by both the BLM and Minerals Management Service) which allows for a single functional organization and the avoidance of duplicated resources and efforts. This organization has the ability to tap the knowledge of member agencies, share expertise, and coordinate permitting, technical reviews, and the issuance of leases and rights-of-way. The Joint Pipeline Office represents the type of multi-agency oversight that will be necessary for the design and construction of any Alaskan natural gas pipeline.

One of the most significant recommendations to come out of the "Lessons Learned" exercise conducted after the construction of the Trans-Alaska Pipeline System was to mandate the coordination of Federal and State agencies involved in any new pipeline projects of similar magnitude. The *Alaska Natural Gas Transportation Act of 1976* authorized the appointment of a Federal Inspector to oversee construction of a gas pipeline system in accordance with a joint Federal/State monitoring agreement. The Office of the Federal Inspector was an independent executive agency that received advice from an Executive Policy Board, comprised of the Secretaries of the Interior, Energy, Agriculture, Labor, and Transportation; the Administrator of the Environmental Protection Agency; the Chairman of the Federal Energy Regulatory Commission; and the Chief of Engineers of the Army Corps of Engineers. However, progress on the gas pipeline project ceased in the 1980s and in 1992 the Federal Inspector's office was disbanded and the responsibilities transferred to the Department of Energy.

There are many issues surrounding an Alaskan gas project — such as native utilization agreements, special provisions for construction in arctic and subarctic regions, and unique environmental conditions — that make the Department of the Interior's regional expertise a very real advantage to expedient government regulation. Given that the law transfers monitoring authority to the Department of the Interior one year after construction of the gas pipeline, and because latent design and construction deficiencies can have a significant impact on pipeline operations, Interior's involvement in construction monitoring is essential for effective oversight throughout the life of the project.

As I have noted, the Department of the Interior has a long-standing partnership with the State of Alaska and years of experience in the arctic. We stand ready to partner with the other agencies in the coordination of the gas pipeline project.

This concludes my oral testimony. I will be glad to answer any questions you may have.